

**Minutes Of The Board Of Trustees
City Of Cincinnati
Retirement System
October 7, 2004**

The Chairman called the meeting to order at 1:30 p.m. with the following members present:

V. Daniel Radford, Chairman
William Moller, Secretary
Valerie Lemmie, City Manager
John Bowling
Brian Pickering
Marijane Klug
Michael Rachford
Ely Ryder
Elliott Ruther, proxy for John Cranley
Bernadette Watson, proxy for Mayor Luken

Member/s Absent
Joe Harrison

Mr. Radford called for a motion to approve the minutes of the September 2, 2004 Board Meeting. The motion was made by Mr. Moller, seconded by Mr. Pickering, and carried by the Board. The minutes were approved as prepared by the Secretary

The Chairman changed the order of business in order to conduct the swearing in of Mr. Ely Ryder, who was recently elected to the Board as the trustee for retired member. Assistant City Solicitor, Terrance Nestor, administered the oath of office.

BENEFITS COMMITTEE

On behalf of the Benefits Committee, Mr. Pickering reported that the Committee met on September 30, 2004. Mr. Pickering gave the following report:

1. Application for Ordinary Retirement October 9, 2004: Total – 20

No.	NAME	DEPARTMENT
38435	Robert Richardson	Transportation & Engineering
39155	Carol Caldwell	Community Development
39602	Thomas Smith	University Hospital
41241	Lynn Day	Fire
41448	David Payne	Public Services
41473	Deborah Shinall	University of Cincinnati
41571	John Diesel	Buildings & Inspections
41646	Paul Mitchell	Parks
41665	Danny Mullins	University of Cincinnati
41683	Debra Masters	Finance
41689	Martha Brown	Traffic Engineering
44009	Michael Greiner	University of Cincinnati
46114	Leo Guilford	Public Services
51031	William Morehead	Buildings & Inspections
51062	Geraldine Melson	Health
51165	Jehu Crosby	Public Services
52700	June Hao	Transportation & Engineering
55200	Dianne Sabelhaus	Water Works
55269	Ronald Garner	Public Services
58522	Lois Beiting	Water Works

2. Application for Retired Members Deaths: Total – 11

3. Application for Ordinary Death Benefits: Total – 2

No.	Name	Department
41285	Stephen Herner	Recreation
59264	Kimberly Buie	Neighborhood Operations

4. Application for Deferred Retirement: Total – 1

NO.	NAME	DEPARTMENT
49252	Michael Hunley	Community Development

4. Application for Early Retirement: Total – 1

NO.	NAME	DEPARTMENT
48400	Gregory Staab	Fleet Services

Mr. Pickering moved that the Board accept the report of the Benefits Committee. The motion was seconded by Mr. Rachford and carried by the Board.

INVESTMENT COMMITTEE

Mr. Moller reported that the Investment Committee met on September 3, 2004 at 1:30 in Committee Room B. However, there were not enough Committee members at that meeting to have a quorum. At that meeting, the members who were present reviewed the information presented by the Investment Consultant on the final candidates identified in the search for international equity managers. The Committee members agreed that they would like to hire both Harding Loevner and Causeway Capital, which would result in the CRS having four international equity managers.

Mr. Pat Thompson advised the Board that Causeway just informed him that their Board of Directors has decided that their growth has been too rapid and thus were not taking any additional assets as this time. Mr. Moller commented that the Board should still take action as this time as the Board has agreed to terminate Deutsche Bank, but that decision has not yet been communicated to the manager. Mr. Thompson recommended that the Board proceed with the hiring of Harding Loevner and that the international equity portfolio be divided evenly between the three managers. Mr. Moller made a motion that the Board hire Harding Loevner and split the international equity assets evenly among the three international managers. Mr. Moller's motion also provided for utilizing the services of the Frank Russell Company to transition the assets from the Deutsche Bank portfolio to the three international managers. Mr. Bowling seconded the motion and the motion passed unanimously.

SECRETARY'S REPORT

Mr. Moller reported that the accounting staff was having problems getting some of the August custodial reports from the Bank of New York, so the detailed financial report for the month of August was not yet available. Mr. Moller did report that as of August 31, 2004, the total assets of the fund were down about 1.4% year-to-date. However, over the past twelve-month period, total assets have increased by about 5.6%. Mr. Moller also reported that the actual asset allocation for each asset class is within the target allocation bands.

Mr. Ryder commented that the total asset figures given by Mr. Moller include funds that have been withdrawn from the fund and thus do not reflect the investment performance of the fund. The retirement staff commented that un-audited reports provided by the Bank of New York indicate that the year-to-date investment performance of the total fund as of the end of September was about 3.4%.

The Secretary submitted the following report:

1. Resolution for Enrollment of New Members – Total: 55
2. Resolution for Return of Contributions & Death Benefits– Total: 69
Amount: \$133,316.07
3. Resolution for Loans to Members – Total: 57– Amount: \$560,632.31
4. Report on Deaths of Pensioned Members – Total: 20
5. Report on Military Service Credit prior to Membership – Total: 3

The Secretary submitted the following vouchers for payment:

PAYEE	AMOUNT
Pensions & Investments – Subscription renewal for V. Daniel Radford	\$229.00
Joe Harrison, Sr. – Reimbursement for conference expenses 9/17-23/2004	\$252.00
City of Cincinnati – Printing Services	\$3,171.37
ABS Business Products Inc. – Monthly Rental Base Rate for Copier	\$328.50
City of Cincinnati – Billing for Stores items for Aug. 2004	\$43.44
Communications Technologies Services – For telephone services for August 2004	\$363.81
Business Information Solutions Inc. – Storage of CRS Files	\$55.44
Edwin Volpe – Reimbursement for Conference Expenses	\$1,667.15
All Star Personnel Inc. – Temporary Personnel Services	\$1,131.79
Pensions & Investments – Subscription renewal services for Bruce Fink	\$229.00
All Star Personnel Inc. – Temporary Personnel Services	\$394.40
Pensions & Investments – Subscription renewal for V. Daniel Radford	\$229.00
City of Cincinnati – Reimbursement of CWW deposit issued in error	\$902.74
Ohio Public Employees Retirement System –Reciprocity Transfer Payments	\$240,881.67
State Teachers Retirement System – Reciprocity Transfer Payments	\$164,976.45
Ohio Public Employees Retirement System – Reciprocity Transfer Payments	\$58,699.41
School Employees Retirement System – Reciprocity Transfer Payments	\$22,323.50

The Secretary reported that at the close of business September 30, 2004, there was in the Treasury to the credit of the Retirement System the amount of \$12,645,496.47

Asset Valuation:

- December 31, 2003: \$2.29 billion
- August 31, 2004: \$2.26 billion
- YTD Increase (Decrease): (1.4)%

Current Asset Allocation: (Policy Objective)

- Domestic Equity: 51.1% (50%)
- International: 13.6% (13.5%)
- Fixed Income: 34.6% (33.5%)
- Alternative Assets/Treasury Cash: 0.7% (3%)

ACTUARY'S PRESENTATION

Mr. Gary Dickson of Mercer Human Resource Consulting was on hand to further discuss the list of actions that could be considered by the Board to improve the long-term financial health of the retirement system. This was the fourth Board meeting Mr. Dickson has attended to discuss the cost impact of the different actions being considered by the Board.

As requested by the Board at the September meeting, Mr. Dickson revised the cost analysis to account for the following potential changes to the plan:

- Change the retiree medical coverage to a plan based on the average between the management plan and the AFSCME plan.
- Implement health care premium share at the average employee rates under the management and the AFSCME plan
- Change the assumed investment return to 8.25%.
- Fund pension obligations at 100% and the medical obligations to a target less than 100%.

Mr. Dickson reported that with these changes, the total required contribution to the plan would be 31.0% of payroll if a policy of 100% funding of both pension and medical obligations were maintained. The required contribution would drop to 20.7% if the Board adopted a policy of funding the pension obligation at 100% and the medical obligation at 80%. Mr. Dickson also reported that maintaining the current healthcare benefits for retirees who are age 65 and retired before 1988 would increase required contributions by about 0.5% eliminating \$2 million in investment expenses by utilizing more passive investment management would reduce required contributions by about 1.2%.

Mr. Dickson also provided a preliminary analysis of the 80/20 health care plan that was included in the recently adopted AFSCME contract. The Board asked Mr. Dickson to finalize the analysis of the 80/20 plan and report back to the Board at the November meeting.

Mr. Moller submitted a motion (copy attached) for the Board's consideration. The motion was held by the Board.

ADJOURNMENT

Upon request of the Chairman's motion to adjourn, the motion was made by Mr. Bowling, seconded by Ms. Klug and carried by the Board. The meeting was adjourned at 3:00 p.m.